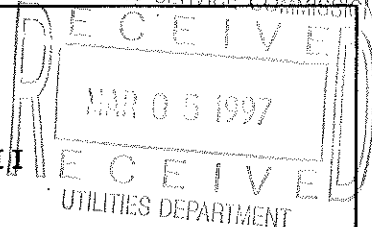


ORIGINAL

S. C. PUBLIC SERVICE COMMISSION



1 TESTIMONY OF RAYMOND C. SHARPE, III

2 FOR

3 THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

4 DOCKET NO. 97-003-E

5 IN RE: CAROLINA POWER & LIGHT COMPANY



6
7 Q. WOULD YOU PLEASE STATE YOUR NAME, ADDRESS AND
8 OCCUPATION?

9 A. Raymond C. Sharpe, III, 111 Doctors Circle,
10 Columbia, South Carolina. I am employed by the
11 Public Service Commission of South Carolina,
12 Utilities Department as a Rate Analyst.

13 Q. WOULD YOU PLEASE STATE YOUR EDUCATIONAL BACKGROUND
14 AND YOUR BUSINESS EXPERIENCE?

15 A. I received a Bachelor of Arts Degree from the
16 University of South Carolina in Columbia in 1983.
17 I was employed by this Commission in 1984 as a
18 Utilities Field Representative in the Water and
19 Wastewater Department and was later promoted to
20 Utilities Rate Analyst. I have attended
21 professional seminars relating to Utility Rate
22 Design, Depreciation and Integrated Resource
23 Planning and have testified before this Commission
24 in conjunction with complaints, electric fuel cost
25 cases and general rate case proceedings for Water,

1 Wastewater and Electric Utilities.

2 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
3 PROCEEDING?

4 A. The purpose of my testimony is to summarize Staff's
5 findings and recommendations as set forth in the
6 Utilities Department's portion of the Staff Report.

7 Q. MR. SHARPE, WHAT SPECIFIC AREAS WERE ENCOMPASSED BY
8 STAFF'S EXAMINATION?

9 A. The Utilities Department's examination of the
10 Company's fuel operations consists of a review of
11 the Company's monthly operating reports, review of
12 the currently approved adjustment for fuel costs
13 Rider and review of the Company's short-term
14 projections of kilowatt-hour sales and fuel
15 requirements.

16 Q. DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR
17 THE PERIOD?

18 A. Yes, we reviewed the Company's operation of its
19 generating facilities including special attention to
20 the nuclear plant operations to determine if the
21 Company made every reasonable effort to minimize
22 fuel costs.

23 Q. HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT
24 DETERMINATION THAT THE COMPANY HAS ACTED
25 UNREASONABLY IN OPERATING ITS FACILITIES AND BY SO

1 DOING HAS CAUSED ITS CUSTOMERS TO BE SUBJECT TO
2 PAYING HIGHER FUEL COSTS?

3 A. No, the Company's generating facilities,
4 particularly the four Nuclear Units, operated well
5 during the period under review. These nuclear units
6 averaged 87% capacity factor for the period, which
7 included refueling outages for Brunswick Unit 1,
8 Brunswick Unit 2, and Robinson Unit 2. There was
9 a civil penalty of \$150,000 as a result of two
10 violations of NRC regulations associated with
11 electrical equipment environmental qualification
12 issues. The violations cited by the NRC are
13 associated (1) with the failure to maintain
14 documentation to show that this equipment would
15 operate, and (2) with the failure to identify and
16 correct these deficiencies sooner. All of the
17 equipment for which there was inadequate
18 documentation was determined to be capable of
19 performing its function. The major fossil units
20 averaged over 90% availability for the majority of
21 the period under review as indicated on Utilities
22 Department Exhibit No. 1. Staff also examined
23 records to determine if the utility achieved an
24 adjusted capacity factor for the period under review
25 of 92.5% as required by the statute to presume cost

1 minimization. Excluding the outage time required
2 by the NRC due to two 1996 hurricanes and with
3 reasonable refueling outages, the nuclear generation
4 systems net capacity factor rose to 96.8%,
5 exceeding the statutory requirement threshold of
6 92.5% to presume cost minimization.

7 Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES
8 DEPARTMENT'S EXHIBITS?

9 A. Exhibit No. 2 shows the Company's Unit Outages for
10 the months of January 1996 through December 1996,
11 listing the plants by unit, duration of the outage,
12 reason for the outage, and corrective action taken.
13 Exhibit No. 3 lists the Company's percentage
14 Generation Mix by fossil, nuclear, and hydro for the
15 period January 1996 through December 1996. Exhibit
16 No. 4 reflects the Company's major plants by name,
17 type of fuel used, average fuel cost in cents per
18 KWH to operate, and total megawatt-hours generated
19 for the twelve months ending December 1996.
20 Exhibit No. 5 shows a comparison of the Company's
21 original retail megawatt-hour estimated sales to the
22 actual sales for the period under review. Exhibit
23 No. 6 is a comparison of the original fuel factor
24 projections to the factors actually experienced for
25 the twelve months ending December 1996. Exhibit No.

1 7 is a graphical representation of the data in
2 Exhibit No. 6 including historical and projected
3 data for the period January 1996 through December
4 1997. Exhibit No. 8 is the Company's currently
5 approved Retail Adjustment for Fuel Costs tariff.
6 Exhibit No. 9 is a history of the cumulative
7 recovery account. Exhibit No. 10 is a table of
8 estimates for the cumulative recovery account
9 balance for various base levels of fuel factors for
10 the period ending March 1998.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes, it does.
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